

Chairperson: Steve Cady, 278-4347
Clerk: Jodi Mapp, 278-4073

SELECT COMMITTEE ON DEFERRED COMPENSATION

Monday, November 16, 2009 – 9:00 a.m.

Milwaukee County Courthouse - Room 203-P

MINUTES

PRESENT: Mark Grady, Susan Walker, Rick Ceschin, Jackie Russell, and Steve Cady (Chair)

SCHEDULED ITEMS:

**** CLOSED SESSION ****

The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(f), for the purpose of discussing the following matter(s). The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).

The Committee did not go into closed session.

1. 09DC33 Appeal(s) from deferred compensation participant(s) of decisions regarding request(s) for hardship withdrawal(s) of funds from Milwaukee County's Deferred Compensation Plan.

There were no appeals.

2. 09DC34 Financial Update on Administration of Milwaukee County's Deferred Compensation Plan. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

00:10 The Chair provided an update on the quarterly report pointing out that it reflects the new revenue sharing agreement for the entire Plan, but specifically, for the Stable Value Fund. At the end of the second quarter, it still had not been reconciled. This report includes second and third quarter revenue share of the Stable Value Fund, which explains the larger dollar amount. The Chair continued by stating the rest of the report contains the standard information.

Questions and comments ensued.

ACTION BY: (Ceschin) Extend the Administrative Fee Plan Holiday through the second quarter of 2010. 5-0

AYES: Grady, Walker, Ceschin, Russell, and Cady (Chair) – 5

NOES: 0

SCHEDULED ITEMS (CONTINUED):

3. 09DC35 From Ennis Knupp and Associates, Third Quarter Capital Market Review and Update. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates

Maritza Martinez, Ennis Knupp and Associates

00:30 Ms. Nicholson stated the third quarter was very positive. October was a little weak with negative returns, but so far, November has been strong. The third quarter was up about 16%, so this would make two quarters in a row of double-digit returns. The non-U.S. Stock Market was also very strong during the third quarter. Year-to-date numbers reflect the U.S. Stock Market was up about 25%, which includes the negative returns in October. The non-U.S. Stock Market has continued to outperform and was up about 40% with bonds at about 6.8%.

Ms. Nicholson continued by reviewing the Global Markets performance detailing the third quarter and one-year investment environment for the U.S. Stock Market, the non-U.S. Stock Market, and the Bond Markets. She stated that overall in the Plan, very strong returns for the quarter were seen. Any options that had equity in them returned between 10 and 22%. On a relative basis, things were not quite as good because there was some underperformance by a lot of funds, but on an absolute basis, the third quarter was very strong for the Plan.

The Committee took no action regarding this informational report.

4. 09DC36 Third Quarter 2009 Performance Report from Ennis Knupp and Associates. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates

Maritza Martinez, Ennis Knupp and Associates

00:01 Ms. Martinez stated PIMCO continues to do well in the third quarter outperforming the bond index. This is attributed to an overweight allocation to mortgage backed securities as well as their continuous focus on high quality securities. T. Rowe Price Personal Strategy Funds have also had a good third quarter on a relative and absolute basis. Their overweight allocation to stocks relative to their respective benchmarks contributed to their out performance, in addition to their exposure to high yield and emerging markets. Year to date, each of the funds have out performed their respective benchmarks. Although all the equity funds had strong double-digit returns for the third quarter, they trailed their respective benchmarks. Various reasons for underperformance of the equity

SCHEDULED ITEMS (CONTINUED):

funds include allocations to financials as well as tilting toward large cap stocks during a quarter where small cap stocks outperformed large cap stocks and significant allocations to cash, just to name a few. Ms. Martinez closed by stating as far as asset allocation is concerned, the Stable Value Fund still holds the majority of assets in the Plan.

05:03 Ms. Nicholson stated overall, the Plan is in good shape in terms of the investment options. On a relative basis, there was quite a bit of underperformance. However, it was nothing that would change Ennis Knupp's opinion about any of the specific funds.

Questions and comments ensued.

The Committee took no action regarding this informational report.

5. 09DC37 From Ennis Knupp and Associates, Annual Review of the Milwaukee County Deferred Compensation Plan. **(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

APPEARANCES:

Laurel Nicholson, Ennis Knupp and Associates
Maritza Martinez, Ennis Knupp and Associates

00:17 Ms. Nicholson provided the Committee with an overview of the Defined Contribution Program Review. She stated that overall, Ennis Knupp thinks the Plan offers a diversified set of investment fund options across asset types, investment styles, and the risk/return spectrum. When looking at overall Plan costs, Ennis Knupp believes they are reasonable if not competitive. She went on to state the Committee should consider making changes to the Investment Policy Statement, which she reviewed in detail. Ms. Nicholson continued by highlighting the Plan's current circumstances, participation rates versus peers and historical transfers, automatic features, investment structure, the number of funds offered, the right investment structure, types of investment options, global equity, participant asset allocation, fees, cost structure, and investment management fees.

Questions and comments ensued.

ACTION BY: (Grady) Authorize Ennis and Knupp to do a fund search for a Bond Index Fund and provide the Committee with a list of candidates. 5-0

AYES: Grady, Walker, Ceschin, Russell, and Cady (Chair) – 5

NOES: 0

SCHEDULED ITEMS (CONTINUED):

6. 09DC38 From Advised Assets Group, Third Quarter Stable Value Fund Report.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

00:03 The Chair stated this is an informational report from Advised Assets Group regarding the Stable Value Fund. He detailed the holdings and market review, in addition to the rate that is now being credited to participants. He pointed out that the investment management fees are reflective of the new agreement as of April 1. The Chair indicated he is working with Great-West to make sure that the second quarter Stable Value Fund summary also reflects the lower fees to ensure the proper credit per the new agreement.

The Committee took no action regarding this informational report.

7. 09DC39 Third Quarter 2009 Report from Great-West Retirement Services.
(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

APPEARANCE:

Sue Oelke, Great-West Retirement Services

Ms. Oelke provided the Committee with an overview of the quarterly report emphasizing the fact that the number of emergency withdrawals is rapidly rising. She continued by discussing joint retirement workshops, distributions, enrollment and contributions, inforce accounts, rollovers into the Plan, the beneficiary project, and the launch of on-line enrollment.

Questions and comments ensued.

The Committee took no action regarding this informational report.

8. 09DC40 Future regularly scheduled meetings of the Select Committee on Deferred Compensation:

- February 8, 2010
- May 10, 2010
- August 2, 2010
- November 15, 2010

(INFORMATIONAL ONLY, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)

00:04 The Chairman indicated that the next regularly scheduled meeting is February 8, 2009.

SCHEDULED ITEMS (CONTINUED):

The Committee took no action regarding this informational report.

This meeting was recorded. Committee files contain copies of the subject reports, communications, resolutions, and ordinances, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes, along with the audio recording of this meeting, is available in the County Board Committee Services Division.

Length of meeting: 9:04 a.m. to 10:45 a.m.

Adjourned,

Jodi Kapp

Committee Clerk

Select Committee on Deferred Compensation